

Message Text

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46

ACTION EB-11

INFO OCT-01 AF-10 ARA-16 EUR-25 EA-11 NEA-10 ISO-00 IO-14

AGR-20 CEA-02 CIAE-00 COME-00 DODE-00 FRB-02 H-03

INR-10 INT-08 L-03 LAB-06 NSAE-00 NSC-10 PA-04 RSC-01

AID-20 CIEP-02 SS-20 STR-08 TAR-02 TRSE-00 USIA-15

PRS-01 SPC-03 FEA-02 OMB-01 FPC-01 SCI-06 AEC-11

DRC-01 /260 W

----- 014209

P 181330Z JAN 74

FM AMEMBASSY PORT OF SPAIN

TO SECSTATE WASHDC PRIORITY 5959

INFO USINT ALGIERS

AMEMBASSY BOGOTA

AMEMBASSY BRASILIA

AMEMBASSY BRIDGETOWN

AMEMBASSY BUENOS AIRES

AMEMBASSY CARACAS

AMEMBASSY GEORGETOWN

AMEMBASSY KINGSTON

AMEMBASSY LA PAZ

AMEMBASSY LONDON

AMEMBASSY JAKARTA

AMEMBASSY JIDDA

AMEMBASSY MEXICO CITY

AMEMBASSY PARIS

AMEMBASSY TEHRAN

AMEMBASSY TRIPOLI

AMEMBASSY QUITO

AMEMBASSY VIENNA

USINT BAGHDAD

USLO PEKING

USMISSION USUN

AMCONSUL BELIZE

AMCONSUL HONG KONG

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E.O. 11652: N/A

TAGS: ENRG, PFOR, TD, XL, XM,\$6*, XE

SUBJ: ENERGY-TRINIDAD TO ACQUIRE PARTICIPATION IN TEXACO

REF: POS 006; POS 1663 (NOTAL)

SUMMARY

IN THE LATEST OF HIS PERIODIC REPORTS TO THE NATION ON THE ENERGY SITUATION (REFTELS), PLFME MINISTER ERIC WILLIAMS ANNOUNCED THAT THE GOTTA HAS REACHED "AGREEMENT IN PRINCIPLE" FOR GOVERNMENT PARTICIPATION IN TEXACO TRINIDAD INC. HE ALSO CONFIRMED EARLIER REPORTS THAT HE HAS APPROACHED AN UNIDENTIFIED MIDDLE EAST NATION EITHER TO HELP CONSTRUCT A NEW REFINERY IN TRINIDAD, OR TO SUPPLY TRINIDAD WITH CRUDE SUBJECT TO ANY STIPULATIONS THE SUPPLIER NATION MAY CARE TO MAKE. WILLIAMS SAID THAT THE GOTTA WILL GIVE PRIORITY TO DEVELOPMENT OF DOMESTIC INDUSTRIES TO UTILIZE TRINIDAD'S NATURAL GAS RESOURCES, AND IF AGREEMENT IS REACHED ON ANY LNG EXPORT PROJECT, THE GOTTA WILL INSIST UPON MAJORITY PARTICIPATION IN THE LIQUEFYING PLANT AND AN OPTION FOR MINORITY OWNERSHIP OF THE LNG TANKERS. FINALLY, THE PRIME MINISTER ANNOUNCED YET A THIRD GOTTA MISSION ON OIL MATTERS (THE FIRST TWO ARE TO VISIT NEAR EAST AND LATIN AMERICAN NATIONS), THIS ONE TO VISIT EUROPEAN NATIONS, JAPAN, INDONESIA AND THE PEOPLE'S REPUBLIC OF CHINA. END SUMMARY.

1. IN A JANUARY 17 SPEECH TO THE NATION, PRIME MINISTER WILLIAMS REFERRED TO THE ALREADY-ANNOUNCED GOTTA MISSIONS TO OIL PRODUCING NATIONS (POS 1663), AND SAID THAT HIS CLOSE ADVISER DODDRIDGE ALLEYNE HAD JUST RETURNED FROM CARACAS WHERE HE DISCUSSED THE FORTHCOMING TRIP WITH AMBASSADORS FROM MIDDLE EAST STATES. ONE RESULT OF ALLEYNE'S TRIP IS THAT IRAQ AND TRINIDAD HAVE AGREED TO ESTABLISH DIPLOMATIC RELATIONS, WITH NON-RESIDENT AMBASSADORS TO BE ACCREDITED. NO FURTHER DETAILS WERE ANNOUNCED REGARDING THIS TRIP. THE MISSION TO LATIN AMERICA WILL BE HEADED BY FINANCE MINISTRY PERMANENT SECRETARY FRANK RAMPERSAD, AND UNCLASSIFIED

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WILL VISIT VENEZUELA, COLOMBIA, MEXICO, ECUADOR, BOLIVIA, BRAZIL AND ARGENTINA. WILLIAMS OBLIQUELY NOTED THAT "MANY JOINT INVESTMENT PROJECTS ARE BEING DISCUSSED" WITH THE GOVERNMENT OF BRAZIL BY THE GOTTA.

2. A THIRD MISSION--TO BE HEADED BY ECONOMIC ADVISOR EUGENIO MOORE--IS TO BE DISPATCHED TO VISIT EURYPE, JAPAN, AND OTHER CONSUMER NATIONS. THIS TEAM WILL ALSO VISIT,

ACCORDING TO WILLIAMS, "TWO IMPORTANT FAR EAST OIL PRODUCERS," INDONESIA AND THE PEOPLE'S REPUBLIC OF CHINA.

3. THE PRIME MINISTER SAID THAT TRINIDAD IS PAYING SPECIAL ATTENTION TO THE SERIOUS PROBLEMS FACED BY ITS CARIFTA PARTNERS DUE TO RISING PETROLEUM PRICES. HE ALSO LIKENED TRINIDAD'S SITUATION IN THE CARIBBEAN TO THAT OF VENEZUELA IN LATIN AMERICA AND NIGERIA IN AFRICA

WITHOUT PROPOSING ANY COURSE OF ACTION, WILLIAMS SAID THE GOTT IS WATCHING THE POSITION OF THE LARGE OIL PRODUCERS (REGARDING PRICE POLICY TOWARD DEVELOPING NATIONS) AND CITED OPEC'S ATTEMPTS TO LINK OIL PRICES WITH PRICE LEVELS OF GOODS PRODUCED BY THE INDUSTRIALIZED NATIONS.

4. TURNING TO THE SUBJECT OF GOVERNMENT PARTICIPATION IN THE OIL INDUSTRY, WILLIAMS NOTED THAT THIS IS AN INCREASING TREND IN BOTH CONSUMING AND PRODUCING NATIONS, AND SAID THAT THE GOTT WILL ESTABLISH A PERMANENT WORKING GROUP OF SENIOR OFFICIALS TO ADVISE CABINET ON OIL POLICY.

INDIRECTLY RESPONDING TO THOSE WHO HAVE URGED THE GOTT TO NATIONALIZE ALL OR PART OF THE PETROLEUM INDUSTRY IN TRINIDAD, WILLIAMS CITED THE EXAMPLE OF THE CUBAN SUGAR INDUSTRY AS EVIDENCE THAT GOVERNMENTS IN DEVELOPING NATIONS CANNOT PERFORM AS WELL AS PRIVATE ENTERPRISE WHEN THEY TAKE OVER AN ENTIRE INDUSTRY.

5. THE PRIME MINISTER OUTLINED THE GOTT'S POLICY ON GOVERNMENT PARTICIPATION AS FOLLOWS: (A) IT WILL EXTEND THROUGHOUT THE ENTIRE PETROCHEMICAL INDUSTRY, ALL ASPECTS OF THE OIL INDUSTRY, AND WILL INCLUDE INDUSTRIAL CONSUMERS OF TRINIDAD'S NATURAL GAS RESOURCES. WILLIAMS SAID THAT THE CANCELLATION OF THE AMOCO-NATURAL GAS PIPELINE CO. LNG CONTRACT (POS 0071) WILL INVOLVE UNCLASSIFIED

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"NO LOSS" TO THE TRINIDAD ECONOMY. THE GOTT WILL NOW GIVE PRIORITY IN DEVELOPING NATURAL GAS RESOURCES TO DOMESTIC PLANS FOR INDUSTRIAL DIVERSIFICATION, SUCH AS AN ALREADY AGREED-UPON ADDITIONAL LIQUID AMMONIA PLANT (WITH 50 PERCENT GOTT PARTICIPATION) AND A STEEL MILL USING IMPORTED ORE, ON WHICH NEGOTIATIONS ARE STILL UNDERWAY. (B) THE GOTT WILL ALSO CONCENTRATE UPON DERIVING MAXIMUM REVENUE FROM THE EXPLOITATION OF NATURAL GAS. (C) TO THE EXTENT THAT ANY OF TRINIDAD'S NATURAL GAS IS EXPORTED, THE GOTT WILL INSIST UPON MAJORITY SHAREHOLDING IN A LIQUEFYING PLANT AND AN OPTION FOR MINORITY GOTT PARTICIPATION IN OWNERSHIP OF THE LNG TANKERS.

6. WILLIAMS ALSO ANNOUNCED THAT AGREEMENT HAS BEEN REACHED "IN PRINCIPLE" FOR GOTT PARTICIPATION IN TEXACO TRINIDAD INC.

THE PRIME MINISTER SAID HE HAD PERSONALLY SUBMITTED TWO PROPOSALS TO AN UNNAMED MIDDLE EAST GOVERNMENT: 1) THAT THE TWO GOVERNMENTS UNDERTAKE A JOINT VENTURE TO CONSTRUCT A NEW REFINERY IN TRINIDAD, WITH DESTINATION OF REFINED PRODUCTS SUBJECT TO APPROVAL BY BOTH GOVERNMENTS; 2) THAT THE GOVERNMENT SHOULD SUPPLY TRINIDAD WITH ENOUGH CRUDE TO MAKE UP THE DROP IN TEXACO'S REFINERY THROUGHPUT DUE TO THE ARAB BOYCOTT. PRODUCTS FROM THIS CRUDE WOULD BE SUBJECT TO ANY STIPULATIONS THAT EITHER GOVERNMENT MIGHT WISH TO MAKE. WILLIAMS SAID THAT TEXACO HAS ALREADY AGREED TO PROCESS CRUDE SUBJECT TO THESE CONDITIONS, AND NOTED THAT TEXACO HAS THUS FAR COOPERATED WITH THE GOVT BY MAINTAINING REFINERY EMPLOYMENT BY ADVANCING ITS MAINTENANCE SCHEDULE.

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